

RESPONSE

Claims 1- 17 remain in the application. Claims 1, 2, 3, 4, 5, 6, 7, 9, 13 and 14 were amended to more clearly describe the invention. Claims 8, 10, 11, 12 and 15 remain as originally filed. Claims 16 and 17 are new.

The Examiner has rejected claims 1-15 under 35 U.S.C. 103(a) as being unpatentable over applicant's disclosure in the background of the invention which discloses that the interest rate for a loan quotation has been determined by looking up an interest rates or a spread in an industry standard pricing grid based upon the property's DSCR, which is the ratio of the net operating income of the property to the mortgage. Thus, these published sheets of interest rates or spreads are only based upon the net operating income and the mortgage. The Examiner also argues that the claimed invention is merely automating a manual loan quotation method.

The applicant submits that the claimed method for determining an interest rate is very different than the prior art described in the background. The existing manual methods for determining an interest rate for a loan rely upon published tables associated with DSCR value which is the net operating income divided by the debt service, ( $DSCR = \text{net operating income} / \text{debt service}$ ). A problem with the published tables used with the manual method is that they do not consider the loan size, property value or property type. Although loan to value (LTV) is a consideration, it is primarily used to determine if a loan will be considered at all. As discussed, certain loan providers require specific minimum LTVs such as 1.25, 1.2 or 1.1. Thus, while the LTV is used to determine if a loan can be provided, it is not used as a factor in determining an interest rate.

The inventive system uses a very different method for determining an interest rate that goes beyond a standardized interest or spread value from a table. In contrast, the present invention uses the loan size, property value and property type as factors to determine the interest rate rather than using these figures to determine if a loan will be considered at all. As specified in claim 1, the LTV value is calculated and a spread value associated with LTV is determined. The spread value is then used to adjust an interest

rate quote. In addition to the LTV, the inventive system also considers one or more factors such as property type, property condition, loan term, overpar spread, ground lease and single tenant. Because the LTV and one or more additional factors are used to determine a loan interest rate, the inventive loan quotation method generates interest rates for a much wider range of loan conditions than existing methods.

Rather than generating an interest rate or a spread from static DSCR values, the inventive system also adjusts the interest rate and DSCR dynamically based upon the loan to value (LTV) and additional factors. The existing methods also do not consider the dynamic nature of other factors including DSCR ratios for the property that influence the proper interest rate in the loan quotation. The DSCR value and interest rate are interrelated and prior art methods have not been able to solve one value without knowing the other. The present invention resolves this interrelationship conflict and is able to calculate both the DSCR value and the interest rate for any loan conditions.

For these reasons, the applicant submits that the claimed methods for providing a loan quotation are substantially different than the methods described in the background of the invention. The claimed invention does more than simply increasing the speed of obtaining the quotation. The inventive process requires additional steps that factor in the LTV for the property and offsets to determine a more accurate interest rate for a wider range of loan conditions than the prior art methods. The background of the application does not disclose any adjustments to the quotation based upon the LTV or offsets.

All claims have been amended to more clearly describe the invention. The amended claims require that the spread used to calculate the interest rate be revised two or more times before the interest rate for the loan is solved. The claimed interest rate calculation process is not disclosed or suggested by the background of the patent application. For these reasons, the applicant respectfully submits that the LTV limitations are not disclosed or suggested in the background of the application.

The applicant respectfully requests that the above described amendments be made part of the official record in the present application, and respectfully submit that support for the claim amendments and is present in the specification, claims, and drawings as

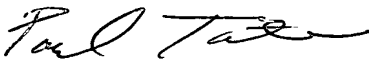
originally filed, including patent applications incorporated by reference, and that no new matter has been added.

If there are any shortages, the Examiner is authorized to charge our Deposit Account Number 04-0822.

Respectfully submitted,

DERGOSITS & NOAH LLP

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By:   
Paul K. Tomita  
Reg. No.: 43,196